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DISCUSSES CHANGE IN SHANGHAI ECONOMY;
EAST CHINA HOLDS TEXTILES CONFERENCE

SHANGHAI DIFFICULTIES LAID TO KMT POLICIES -- Peiping Jen-min Jih-pao,
 26 May 50

Shanghai now has over 12,000 factories and more than 100,000 shops and
 trading companies employing over 900,000 persons. It therefore occupies a
 very important place in national production and international trade.

The greatest change in the economy of Shanghai since the liberation has
 been the elimination of opportunism and black-market operations. There have
 been two periods of violent price fluctuations since the liberation. In both
 of these, profiteers played a considerable part, but they lost out in the end.

Compared with the preliberation period, cotton-cloth shops have been re-
 duced in number by 54 percent, cotton-yarn companies by 56 percent, grain
 shops by 72 percent, and western medicine shops by 28 percent.

For the past 12 years, depreciating currency was the rule and stable
 prices were the exception. Now that the CCP has stabilized prices, the peo-
 ple's way of living has changed. They now hold their money instead of try-
 ing to convert it into goods as quickly as possible. Money again has value.
 Businesses that catered to the extravagance of the old days are disappearing.
 Two hundred restaurants, and 166 of the 177 jewelry shops have closed down
 or changed business; big hotels, dance halls, and department stores become
 fewer by the day. These things are not evidence of decline, but of wholesome
 change.

In the days of the KMT all big business and banks were in the hands of
 the Four Families and were instruments of oppression of the people. Under
 the people's government, they have become converted into servants of the peo-
 ple. Formerly there were constant grain shortages in Shanghai and grain
 shop queues were the usual thing. Under the CCP all this is changed. Since
 the middle of February 1950, the authorities have been able to have suffi-
 cient supplies on hand to meet needs and have opened retail shops selling at

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reasonable prices. Without any foreign imports of grain a plentiful supply has been provided. The people, with the exception of a few monopolists, are all back of the government's grain program.

There have been, and still are, differences between capital and labor, and both sides have been guilty of excesses, but especially since the Third All-circles' People's Delegates' Conference in late April, the principle of mutual consultation between labor and capital has been gaining ground, with mutual consideration for each other's interests.

Shanghai still has its troubles. Markets are dull, and inventories of cotton and woolen yarn, cigarettes, matches, cement, and flour are growing too large. Market prices are below cost. On cigarettes, for instance, manufacturers are taking a loss of 255,000 yuan per case. In early April cotton yarn cost 5,356,000 yuan a bale to produce. The market price was only 4,870,000 yuan, for a loss of 486,000 yuan per bale. Under such conditions industries are piling up debts and becoming bankrupt.

This condition results from (1) old KMT policies which provided a false base for the economy, (2) the change in the economy from one of extravagance to one of austerity, and (3) the blockade and bombings perpetrated by the KMT. The blockade stopped foreign trade almost completely, and the bombings destroyed production capacity. These conditions are not the result of a day's change and they are temporarily inevitable, but they are not incurable. Conditions for a cure are:

1. Liberation of the Chou-shan islands will break the blockade and revive foreign trade.
2. Coordination of private and public economy, aid to private enterprise, stabilization of markets, and reduction of interest rates will revive business.
3. Properly planned and timed land reform will raise the purchasing power of the peasants, and industries will be busy supplying their demand for goods.

Shanghai is in the process of change from a city of consumers to city of producers. The process is painful but it will result in a sturdy, independent, and self-reliant city of the future.

EAST CHINA TEXTILE REPRESENTATIVES CONFER -- Shanghai Hsin-wen Jih-pao,
26 May 50

The first conference of textile industry representatives of East China ended on 23 May 1950. Statistics released at the conference reveal that in all of China approximately 5,200,000 spindles are installed. Of this number 71 percent, or over 3,600,000, are in East China, and of these 2,300,000, or 46 percent of the nation's total are in Shanghai.

At present there are 4,060,000 spindles in operation in all of China. Of these, 2,720,000 are in East China and 1,800,000 in Shanghai.

Of the 70,000 looms in the country, 47,000 are in East China.

The above figures reveal that the center of the nation's textile industry is East China, with Shanghai at its heart. There is a great future ahead for the textile industry in China. In Manchuria alone, cloth sales rose from 80,000 bolts in 1947 to 3,200,000 in 1949, and sales of 9 million bolts are estimated for 1950. This increased demand is the result of raising the standard of living of the peasantry through the land reform.

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The conference noted the difficulties which a number of private firms were meeting in awaiting the new markets to result from the land reforms now being planned in East China, and made several proposals for relief. Nevertheless, the basic means of recovery lies in adoption of more efficient methods within the affected firms themselves.

The conference revealed that textile raw materials are generally in very short supply, some firms already having had to close down and others with only limited supplies on hand.

The meeting in a four-way conference of public and private enterprise, labor, and capital was hailed as a new event in China's history, possible only under CCF leadership.

A work-week program of 5 days and 5 nights for publicly operated plants and a 4-day and 4-night work week for private firms was decided upon until the new cotton crop is harvested in October.

PRIVATE FIRMS RECEIVE LOANS -- Canton Nan-fang Jih-pao, 24 May 50

Chungking, 23 May (Hsin-hua) -- The Trade Department of Southwest China and the People's Bank have made loans totaling more than 30 billion yuan to private industries for purchase of raw materials, capital goods, and marketing and transport of products. Recipients included over 50 private industrial units in the area. Chief beneficiaries were the silk, electric power, and shipping industries.

TRADE COMPANIES AID CENTRAL SOUTH CHINA INDUSTRIES -- Canton Nan-fang Jih-pao, 24 May 50

Hankow, 22 May (Hsin-hua) -- Various government trade corporations in the Central and South China District have been encouraging private industrial production by placing order, buying products, and placing goods for processing, thus caring for their marketing problems.

The Central and South China District Department Store Corporation has distributed over 2 billion yuan among its branches for purchases of industrial products. In Hankow alone over 400 types of goods have been purchased.

WAGES OF NORTHEAST WORKERS REVISED -- Hong Kong Wen-hui Pao, 14 Jul 50

Mukden, 2 July (Hsin-hua) -- To encourage technical improvement among workers, raise their standard of living, and expand production, Northeast government authorities have ordered a revision of wages in publicly operated industries, allowing an increase of 8 percent above the real wage average of 1949 and reduction of wage-scale classifications from 39 to eight classifications.

The new classification represents a decided change to bring the system into harmony with Soviet economic principles and meet actual conditions in the Northeast. The reduction in number of classifications increases the distance between them and makes it easier to clarify the required amount of improvement necessary to move from one classification to another.

The decision to make the change was reached at a wage conference called in June 1950 by the Economic Planning Commission of the Northeast government.

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CANTON INDUSTRIES SEEK OPERATING PERMITS -- Hong Kong Wen-hui Pao,
16 Jul 50

Canton, 15 July -- It is reported that a total of 16,900 Canton firms have registered with the authorities. Of more than 300 industrial firms which have requested business permits, 90 percent have already completed arrangements for registration.

PAPER FACTORIES EXCEED QUOTA -- Hong Kong Wen-hui Pao, 12 Jul 50

Peiping, 11 July (Hsin-hua) -- The nationalized paper factories directly controlled by the Ministry of Light Industries, namely, those in North China and Shantung, exceeded their production target for the first 6 months of 1950 by 5 percent.

In the second conference of paper mill superintendents, a goal was set for an increase of 30 percent over the production of the first 6 months during the latter half of the year. Emphasis will be on paper for cultural uses.

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